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C O R R E C T E D C O P Y (CHANGE PARAS 2-6 TO SBU)

FROM THE AMBASSADOR  
PRM/PIM FOR CRISTINA NOVO; WHA/CEN FOR HILLARY THOMPSON

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TAGS: [EAID](#) [ES](#) [PGOV](#) [PHUM](#) [PREF](#) [SMIG](#)  
SUBJECT: EL SALVADOR: COUNTRY CONDITIONS AS THEY RELATE TO  
TEMPORARY PROTECTED STATUS (TPS)

REF: SECSTATE 60473

Classified By: Ambassadors Charles Glazer for reasons 1.4(b) and (d)

¶1. (C) Summary: The U.S. government should extend Temporary Protected Status (TPS) for the nearly 250,000 Salvadoran beneficiaries living in the United States. El Salvador has still not finished reconstructing infrastructure damaged by the two severe earthquakes which struck the country in 2001. The transportation, housing, education, and health sectors are still suffering from the 2001 quakes, the lingering effects of which seriously limit El Salvador's ability to absorb a large number of potential returnees. Deteriorating economic conditions stemming from rising global commodity and energy costs, as well as the potential for generating serious adverse political ramifications, argue in favor of extending TPS benefits for our most important ally in the region. End summary.

¶2. (SBU) El Salvador's ability to absorb 250,000 potential returnees is complicated by the simple fact that recovery from the devastating earthquakes of 2001 is not yet complete. Of the 276,000 homes destroyed, only about half have been rebuilt with the assistance of programs sponsored by USAID, other international donors and the Salvadoran government (GOES). While the USAID programs were completed in 2006, other donor efforts have lagged. Most of the reconstruction work on the seven main hospitals will not be completed until 2009, while other related public works projects remain incomplete as well. Infrastructure recovery was further set back by the October 2005 landfall of Tropical Storm Stan, which brought widespread flooding, loss of homes, and destruction of crops and infrastructure across El Salvador. An eruption of the Santa Ana volcano in the same month also caused localized destruction of communities and crops in the surrounding areas. A series of volcanic earthquakes that hit western El Salvador in late 2006 resulted in the displacement of an additional 2,000 families whose homes were destroyed.

¶3. (SBU) In addition to the above problems, El Salvador continues to suffer from inadequate road infrastructure, particularly in rural areas where tertiary roads are closed during the rainy season. This infrastructure shortcoming limits farmers access to markets, and complicates access to health and education systems. An influx of TPS returnees would further strain already overburdened health and education sectors in El Salvador's rural communities. Although the Millennium Challenge Corporation (MCC) will build new primary and secondary roads in the impoverished northern corridor of El Salvador, these roads will not be completed for another three years or more.

¶4. (SBU) While El Salvador's economy is growing (4.7 percent increase in real GDP in 2007), it is under considerable stress from the global spike in energy, commodity, and food

costs. Higher food and gasoline costs are seriously harming Salvadoran consumers, and threatening to reverse economic progress that the country has made since the 1992 Peace Accords. Fuel prices have doubled in the past year, driving up transportation costs, inflating shipping bills, and making a trip to the grocery store a painful experience for hard-pressed Salvadoran consumers. Headline inflation hit 8.4 percent in May. Staple foods have been particularly affected; in the year ending in January 2008, maize prices rose 38 percent, red beans 68 percent, and milk 11 percent. The resulting impact on the basic food basket has been dramatic: the rural basket rose from USD 101 to USD 123 (22 percent), while the urban basket went from USD 140 to USD 160 (14 percent). In that Salvadoran food prices are strongly dependent on energy, the recent sharp price increases in petroleum are expected to further drive up food prices in the short term.

15. (SBU) The U.S. is helping to accelerate growth through implementation of CAFTA-DR, USAID programs (trade, labor, and environmental capacity-building), and a USD 461 million MCC compact agreement. The success of these efforts, however, is compromised by general economic conditions. In light of the continued deterioration in Salvadoran economic prospects, the country is ill-prepared to receive an influx of returning migrants should TPS not be extended.

16. (SBU) Compounding the economic situation, El Salvador continues to suffer through a public security crisis that threatens to undermine confidence in democratic governance. The country faces stubbornly high levels of violent crime, much of it generated by transnational street gangs that engage in strong-arm extortion, car theft, sale of counterfeit and stolen goods, and street-level drug distribution. El Salvador's murder rate- the highest in the TEMPORARY PROTECTED STATUS (TPS)

western hemisphere - discourages foreign investment and curtails economic growth. The cost of crime to the Salvadoran economy is estimated at about 11 percent of GDP. Perhaps more importantly, spiraling crime rates cause citizens to lose faith in the ability of the police, the judiciary, and traditional political parties to deliver on promises of improved public security. El Salvador's National Civilian Police (PNC), although well-intentioned, are undermanned, under-financed, and hard-pressed to deal with the massive scale of criminal violence besetting Salvadoran society. The Salvadoran judiciary, the national prison system, and the social service agencies tasked with counseling at-risk youth and rehabilitating adult offenders are similarly overwhelmed by their respective caseloads. Adding upwards of 250,000 returnees to an already volatile public security situation in a country facing sustained economic difficulties could well prove to be the proverbial straw that breaks the camel's back.

17. (S/NF) Although the decision on TPS is not primarily political in nature, responsible stewardship of U.S. national interests nonetheless requires us to consider the potential political ramifications of the cancellation of TPS for Salvadoran nationals. El Salvador will hold municipal, legislative, and presidential elections in January and March 2009. In the current political milieu, a significant percentage of the electoral support that the ruling right-wing ARENA party enjoys is derived from the widely-held perception that ARENA can manage the bilateral relationship with the U.S. to the benefit of the Salvadoran populace. In contrast, the left-wing FMLN, which is mounting its most serious bid ever to defeat ARENA in a presidential election, has yet to convince most Salvadoran voters that they can pursue what could be a hard-left governing agenda while at the same time maintaining a cooperative, productive bilateral relationship with the U.S. A decision to cancel TPS during the current electoral cycle would likely be played up by the FMLN in the press and in the campaign as a loss of U.S. support for the country and current administration -- an unearned political windfall benefiting the FMLN and influencing the outcome of 2009 elections. Terminating TPS

could also dramatically undermine this administration's ability to support us in Iraq, other peacekeeping missions, and other global and hemispheric issues where we depend on the proactive leadership of the Saca administration.

18. (C) For all these reasons, I strongly urge the Department to work with DHS and other interested parties to ensure an additional eighteen-month extension of TPS for Salvadoran nationals resident in the U.S.

GLAZER